

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF CINCINNATI BELL, INC.,)
OF A REDUCTION IN ITS INTRASTATE)
RATES AND CHARGES FOLLOWING THE)
JULY 25, 1984, DECISION OF THE)
OHIO SUPREME COURT PURSUANT TO)
RATE UNIFORMITY AND AN INQUIRY)
REGARDING THE NEED FOR CINCINNATI)
BELL, INC., TO MAKE REFUNDS TO)
ITS KENTUCKY CUSTOMERS FOLLOWING)
THE JULY 25, 1984, DECISION OF)
THE OHIO SUPREME COURT)

CASE NO. 9131

SHOW CAUSE AND ORDER APPROVING RATE REDUCTION

Cincinnati Bell, Inc.'s Notice of Rate Reduction

On September 7, 1984, Cincinnati Bell Telephone ("CBI") filed revised rates to comply with the concept of rate uniformity as previously sanctioned by this Commission so that rates throughout the Kentucky and Ohio portions of the Cincinnati Metropolitan Service Area would be consistent. CBI states the rate revision is made in conformity with the July 25, 1984, Decision of the Supreme Court of Ohio and Entries of the Public Utilities Commission of Ohio ("PUCO") in Cincinnati Bell's Ohio rate proceeding, Case No. 81-1338-TP-AIR. The revised rates do not reflect the final action of the Ohio Supreme Court, the U. S. Supreme Court or PUCO in the matter of depreciation.

On July 25, 1984, the Ohio Supreme Court affirmed certain decisions of the PUCO, thereby necessitating certain refunds and a reduction in rates. During the period the appeal was pending, CBI was granted a stay permitting it to continue collecting rates at the level initially authorized by the PUCO on January 7, 1983, prior to the entry of the PUCO rehearing Order on March 9, 1983. On March 16, 1983, the Ohio Supreme Court granted the stay on the express condition that CBI place the difference between the rehearing rates and the initial rates collected from Ohio rate-payers in escrow.

Following the entry of the January 7, 1983, PUCO Order, on January 24, 1983, CBI filed rates identical to the Ohio rates with this Commission in Case No. 8641 pursuant to the concept of "rate uniformity," while at the same time seeking a rehearing at the PUCO. Although the PUCO rehearing Order ultimately specified lower rates, CBI neither refiled its rate proposal in Kentucky to reflect the PUCO decision regarding depreciation, etc., nor advised this Commission of the PUCO's March 9, 1983, rehearing decision or of CBI's appeal and the stay obtained in Ohio.¹

¹ This omission takes on a more serious aspect when one considers that on March 18, 1983, 9 days after the PUCO Order on rehearing involving the Ohio appeal issues, CBI filed proposed revisions to telephone answering service tariffs pursuant to a separate rehearing decision of the PUCO dated February 23, 1983. CBI filed responses to hearing requests as late as March 30, 1983, and yet did not inform this Commission of the Ohio appeal proceedings and their impact upon this Commission's continued consideration of the "rate uniformity" concept, as advanced by CBI.

Unaware of the proceedings in Ohio or the conditions under which the same rates were being collected in Ohio, on March 31, 1983, this Commission entered its Order in Case No. 8641 approving the rates proposed by CBI under the "rate uniformity" concept. Under the concept of "rate uniformity," this Commission agrees to abide by the revenue split separation between the Ohio and Kentucky jurisdictions which permits rates within the entire Cincinnati Metropolitan Service Area ("CMSA") to be charged on a uniform basis, whether the customer is located in Ohio or Kentucky. It is obvious from a careful reading of this Commission's March 31, 1983, Order that this Commission had not been kept informed of the status of the Ohio rate proceeding. Therein, this Commission ordered that the

amended rates and charges set by the Public Utilities Commission of Ohio in Case No. 81-1338-TP-(AIR) for the Cincinnati Metropolitan Service Area of Cincinnati Bell, Inc.,...are the fair, just and reasonable rates to be charged by Cincinnati Bell, Inc., for telephone service rendered in the Kentucky jurisdictional portion of the Cincinnati Metropolitan Service Area on and after April 1, 1983.²

This Commission did not order that the rates ordered by the Ohio Supreme Court pursuant to its stay during the pendency of an appeal in Ohio be placed into effect here; this Commission approved the consistent charging in Kentucky of those rates ordered by the PUCO.

² KPSC Order in C.N. 8641 dated March 31, 1983, at page 14.

In light of the above-stated circumstances, this Commission now establishes the instant proceeding in which CBI shall show cause why it should not be required to refund to its Kentucky customers the difference between the rates in effect since April 1, 1983, in Kentucky and the rates that would have been charged pursuant to "rate uniformity" had the PUCO Order on Rehearing dated March 9, 1983, not been stayed by the Ohio Supreme Court.

IT IS THEREFORE ORDERED that the tariff sheets filed by CBI with this Commission on September 7, 1984, be and they hereby are approved for service rendered on and after the date of September 27, 1984.

IT IS FURTHER ORDERED that CBI shall show cause, if any it can, why it should not be required to refund the difference between the rates in effect since April 1, 1983, in Kentucky and the rates that would have been charged pursuant to "rate uniformity" had the PUCO Order on Rehearing dated March 9, 1983, not been stayed by the Ohio Supreme Court.

IT IS FURTHER ORDERED that CBI shall appear at the offices of the Commission in Frankfort, Kentucky, on November 7, 1984, at 9:00 A.M., Eastern Standard Time, and show cause why such a refund should not be made.

IT IS FURTHER ORDERED that CBI shall file with the Commission in prefiled form any testimony which it will offer at the show cause hearing by October 16, 1984.

Done at Frankfort, Kentucky, this 27th day of September, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Hemmick
Chairman

Walter H. Lacy
Vice Chairman

Lawrence Shuell
Commissioner

ATTEST:

Secretary